



Investment Office

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April 17, 2006

AGENDA ITEM 5a

TO: MEMBERS OF THE INVESTMENT COMMITTEE

- I. SUBJECT:** Permissible Equity Market Investment Analysis -
Final Recommendation
- II. PROGRAM:** Global Equity
- III. RECOMMENDATION:** Staff recommends approval of the attached Wilshire
Permissible Equity Market Analysis.

IV. ANALYSIS

Attached is Wilshire Associates' Permissible Equity Market Analysis for the Investment Committee's approval. As required in the CalPERS Permissible Equity Policy for Emerging Equity Markets, Wilshire presented a draft of this analysis at the February 14, 2006 and the March 13, 2006 Investment Committee meetings and distributed a copy to interested parties for comment. Roz Hewsenian from Wilshire Associates will be available to present the analysis, discuss the comments, and answer the Committee's questions.

V. STRATEGIC PLAN:

This agenda item advances CalPERS Strategic Plan, Goal VIII: Manage the risk and volatility of assets and liabilities to ensure sufficient funds are available, first, to pay benefits and second, to minimize and stabilize contributions.

VI. RESULTS/COSTS:

Changes to CalPERS' permissible equity market list will result in transaction costs. Staff will work to mitigate those costs by taking advantage of available crossing opportunities and transitioning the assets over a reasonable period of time.

There is an annual cost of \$921,749 per year for subcontractors to research factors in the permissible equity market analysis.

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